

THE CITY OF SAN DIEGO
REPORT TO THE CITY COUNCIL

DATE ISSUED:

REPORT NO:

ATTENTION: Land Use and Housing Committee
Agenda of

SUBJECT: FY 2012 Annual Regional Transportation Congestion Improvement
Program Development Impact Fee Adjustment

REFERENCE: FY 2011 Independent Taxpayer Oversight Committee Letter
February 25, 2011 SANDAG Board of Directors Meeting Results

REQUESTED ACTION:

Approve a resolution adopting a two percent (2%) annual increase to the Regional Transportation Congestion Improvement Program Development Impact Fee Schedule.

STAFF RECOMMENDATION:

Recommend approval of requested action.

SUMMARY:

The Regional Transportation Congestion Improvement Program (RTCIP), an element of the TransNet Extension Ordinance, requires the 18 cities and the County of San Diego collect an exaction from the private sector for each new non-exempted residence in their jurisdiction. The RTCIP has been implemented in the San Diego region including the City of San Diego since July 1, 2008.

The RTCIP requires that the City take specific administrative actions each year to ensure that the City is in compliance with the RTCIP section of the TransNet Ordinance. One of the RTCIP administrative actions required by the Ordinance is that the development impact fee be increased annually.

Section 9 of the TransNet Extension Ordinance requires the RTCIP exaction be increased annually by an amount no less than 2% per year. The SANDAG Board of Directors approved the minimum 2% adjustment to the RTCIP on February 25, 2011. The City of San Diego RTCIP fee per multi-family unit will increase from \$1,940 to \$1,979 and per single family unit from \$2,425 to \$2,474. The FY 2012 RTCIP Fee Schedule will go into effect July 1, 2011.

FISCAL CONSIDERATIONS:

Revenue is collected and deposited into a special interest bearing fund for appropriation to transportation projects as identified as eligible under RTCIP criteria and the CIP Prioritization Policy. In FY 2010 the City collected \$862,805 in direct RTCIP fees and \$3,445,950 in FBA (indirect) fees collected towards RTCIP eligible projects.

EQUAL OPPORTUNITY CONTRACTING INFORMATION:

This action does not authorize entering into any contract or agreement and, therefore, is not subject to the City's Equal Opportunity Contracting (San Diego Ordinance No. 18173, Section 22.2701 through 22.2708) and Non-Discrimination in Contracting Ordinance (San Diego Municipal Code Sections 22.3501 through 22.3517).

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

The RTCIP was previously reviewed by the Land Use and Housing Committee on March 12, 2008. On April 15, 2008, City Council adopted a resolution approving the Regional Transportation Congestion Improvement Program (RTCIP), associated nexus study and FY 2009 RTCIP Fee Schedule. On April 29, 2009, City Council adopted a resolution approving the FY 2010 RTCIP Fee Schedule increase of 2%. On April 13, 2010, City Council adopted a resolution approving the FY 2011 RTCIP Fee Schedule increase of 2%. On February 25, 2011, the SANDAG Board of Directors approved a FY 2012 RTCIP Fee Schedule increase of 2%.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

In March of 2009, 2010 and 2011, the City of San Diego submitted to SANDAG's Independent Taxpayers Oversight Committee (ITOC) letters confirming that the RTCIP program originally approved and submitted to ITOC was still in effect and had not materially changed.

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

All property owners with new non-exempted residential building activity will be required to pay a RTCIP fee of \$1,979 for each new multi-family unit and \$2,474 for each new single family unit.



Tom Tomlinson
Facilities Financing Manager



William Anderson, FAICP
Director of City Planning & Community
Investment

Attachments: FY 2011 Independent Taxpayer Oversight Committee Letter
SANDAG Board of Directors February 25, 2011 Agenda & Results



THE CITY OF SAN DIEGO

March 1, 2011

Carolyn Lee, Chair
TransNet Independent Taxpayer Oversight Committee
c/o San Diego Association of Governments
401 B Street, Suite 800
San Diego, CA 92101

Dear Ms. Lee:

The City of San Diego submitted a funding program to the *TransNet* Independent Taxpayer Oversight Committee (ITOC) on March 1, 2010 in accordance with the Regional Transportation Congestion Improvement Program (RCTIP) requirements contained within the *TransNet* Extension Ordinance. In accordance with the reporting requirements of the Ordinance, this is to confirm that the program approved and submitted to you last year is still effect. Since implementation on July 1, 2008 the only substantive changes to the program have been annual minimum fee increases. Council Resolution R-304831 approved a 2% increase to the RTCIP fee schedule for fiscal year 2010, and Council Resolution R-305752 approved a 2% increase to the RTCIP fee schedule for fiscal year 2011.

Should you have any questions regarding our RTCIP funding program, please contact Megan Sheffield at 619-533-3672 or Pam Bernasconi at 619-533-3677.

Sincerely,

William Anderson, FAICP
City Planning & Community Investment Director

Enclosed: Council Resolution R-305752



Facilities Financing • City Planning and Community Investment

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RESOLUTION NUMBER R- 305752
DATE OF FINAL PASSAGE APR 15 2010

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN
DIEGO ADOPTING AN ANNUAL TWO PERCENT
INCREASE TO THE REGIONAL TRANSPORTATION
CONGESTION IMPROVEMENT PROGRAM DEVELOPMENT
IMPACT FEES FOR FISCAL YEAR 2011.

WHEREAS, in November 2004, voters approved Proposition A to extend the TransNet
half-cent sales tax for transportation projects through 2048; and

WHEREAS, the passage of Proposition A resulted in the establishment of the Regional
Transportation Congestion Improvement Program; and

WHEREAS, on April 15, 2008, the City Council adopted Resolution No. R-303554
thereby approving and adopting the City's Regional Transportation Congestion Improvement
Program [RTCIP], the associated nexus study and development impact fees;

WHEREAS, the purpose of the RTCIP is to ensure that new development directly invests
in the region's transportation system to offset the negative impact of growth on congestion and
mobility; and

WHEREAS, the RTCIP provides for the collection of a development impact fee per new
dwelling unit to ensure future development contributes its proportional share of the funding
needed to pay for the Regional Arterial Systems [RAS] and related transportation facility
improvements, as identified and defined in the San Diego Association of Government's
[SANDAG] most recently adopted Regional Transportation Plan [RTP]; and

WHEREAS, the City must take annual administrative action to ensure compliance with the TransNet Ordinance, including annual increases to the associated development impact fee; and

WHEREAS, the City Council has reviewed and considered the SANDAG Board of Directors February 26, 2010, Agenda Item No. 10-02-4, and the March 1, 2010 letter from the City of San Diego to SANDAG's Independent Taxpayers Oversight Committee, included in Report to the City Council No. 10-041, a copy of which is on file in the Office of the City Clerk as Document No. ^{RR-}305752; and

WHEREAS, based upon Section 9 of the TransNet Extension Ordinance requirement that the RTCIP extraction be increased annually by an amount no less than 2% per year and upon SANDAG analysis of construction cost trends over the past year, the appropriate annual fee adjustment for Fiscal Year 2011 is two percent (2%). Therefore, beginning July 1, 2010, the RTCIP development impact fee will increase from \$1,902 to \$1,940 per multi-family unit, and from \$2,378 to \$2,425 per single-family unit; NOW, THEREFORE,

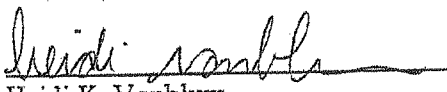
BE IT RESOLVED, by the Council of the City of San Diego:

1. That above recitals are true, correct, and incorporated by reference herein.
2. That a two percent (2%) increase to the current RTCIP development impact fee is appropriate based on the Transnet Extension Ordinance requirement and SANDAG analysis of construction cost trends over the past year.
3. That it approves and adopts a two percent (2%) increase to the current RTCIP development impact fee resulting in an RTCIP development impact fee increase from \$1,902 to

\$1,940 per multi-family unit and from \$2,378 to \$2,425 per single family unit, effective July 1, 2010.

BE IT FURTHER RESOLVED, that this activity is not subject to CEQA pursuant to State Guidelines Section 15060(c)(3).

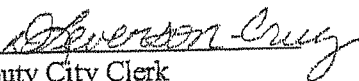
APPROVED: JAN I. GOLDSMITH, City Attorney

By 
Heidi K. Vonblum
Deputy City Attorney

HKV:js
03/17/2010
Or.Dept:Planning
R-2010-670
MMS#11746

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of APR 13 2010.

ELIZABETH S. MALAND
City Clerk

By 
Deputy City Clerk

Approved: 4.15.10
(date)


JERRY SANDERS, Mayor

Vetoed: _____
(date)

JERRY SANDERS, Mayor



**BOARD OF DIRECTORS
FEBRUARY 25, 2011**

**AGENDA ITEM NO. 11-02-4
ACTION REQUESTED - APPROVE**

***TransNet* REGIONAL TRANSPORTATION CONGESTION
IMPROVEMENT PROGRAM FEE ADJUSTMENT**

File Number 1500100

Introduction

The Regional Transportation Congestion Improvement Program (RTCIP), an element of the *TransNet* Extension Ordinance, requires the 18 cities and the County of San Diego to collect an exaction from the private sector for each new housing unit constructed in their jurisdiction. The RTCIP has been implemented in the San Diego region since July 1, 2008.

Recommendation

The Board of Directors is asked to approve a 2 percent adjustment to the Regional Transportation Congestion Improvement Program, raising the minimum fee from \$2,081 to \$2,123 beginning July 1, 2011.

The *TransNet* Extension Ordinance requires SANDAG to annually adjust the minimum RTCIP fee amount on July 1 of each year, based on an analysis of construction cost indices, but never less than 2 percent. The purpose of this annual adjustment is to ensure the RTCIP retains its purchasing power to improve the regional arterial system. Staff has evaluated construction cost trends and relevant indices, and based on this analysis, a 2 percent fee adjustment is recommended; this would raise the minimum RTCIP exaction from \$2,081 to \$2,123 beginning July 1, 2011. The Independent Taxpayer Oversight Committee (ITOC) reviewed this proposed RTCIP adjustment at its February 9, 2011, meeting, and there were no comments.

Discussion

Background

The purpose of the RTCIP is to help ensure future development contributes its proportional share of the funding needed to pay for the regional arterial system and related regional transportation facility improvements, as defined in the most recent Regional Transportation Plan adopted by SANDAG. The RTCIP funding programs fall under the responsibility of the 19 local jurisdictions, which have established these programs under the state's Mitigation Fee Act. The jurisdictions must maintain their RTCIP funding programs and comply with specific administrative requirements in order to remain eligible for their *TransNet* local street and roads funding.

Section 9 of the *TransNet* Extension Ordinance requires the RTCIP exaction to be increased annually in an amount not to exceed the percentage increase set forth in the Engineering Construction Cost Index published by the Engineering News Record (ENR) or a similar cost of construction index. However, the Ordinance also states that in no event shall the increase be less than 2 percent per year.

Analysis of Construction Cost Indices

The Ordinance allows for flexibility in choosing an appropriate index. SANDAG staff evaluated changes recorded in the Engineering Construction Cost Index published by ENR and the Caltrans Construction Cost Index (CCI). Each index collects a different set of cost factors to determine construction cost trends. The ENR construction cost index represents an average from 20 cities across the nation and is based on price changes in four areas: lumber, cement, structural steel, and labor. Over the past year, the ENR construction cost index has increased 3.2 percent. The Caltrans CCI is based on actual transportation project bid prices from throughout the state for earthwork, aggregate, concrete, asphalt, and steel. The Caltrans CCI has not risen, but instead recorded a decline of -18.4 percent over the past year.

Based on staff's evaluation, the Caltrans CCI has more closely tracked the trends SANDAG has been experiencing in its project bid prices over the past year than the ENR index. Staff's evaluation identified two trends that have led to falling prices. First, the effects of the Great Recession are lingering, keeping the demand for some construction materials soft, allowing prices to drift lower over the past year. Second, the number of bids received on each project has remained high, averaging more than six bids per project; this level of competition has provided an incentive for contractors to push back on material suppliers, and identify cost saving measures and innovative ways to lower overall prices for projects in order to submit a competitive cost proposal.

GARY L. GALLEGOS
Executive Director

Key Staff Contacts: Marney Cox, (619) 699-1930, mco@sandag.org
Ariana zur Nieden, (619) 699-6961, azu@sandag.org

Sheffield, Megan

From: Bernasconi, Pam
Sent: Monday, February 28, 2011 12:20 PM
To: Sheffield, Megan
Cc: Bernasconi, Pam; Tomlinson, Tom
Subject: FW: TransNet RTCIP: Annual Submittal of Funding Programs and Annual Fee Adjustment
Attachments: Sample RTCIP Letter_2011.doc

Hi Megan,

Would you take a look at the template and see if it has changed.

Tom,

Perhaps we could have Jay sign at our meeting next week.

Thanks,

Pam

From: Kondrat-Dauphin, Lisa [<mailto:lko@sandag.org>]
Sent: Monday, February 28, 2011 11:20 AM
To: Andrew White; Charles McBride (Charles.mcbride@carlsbadca.gov); Dale Nielsen; Dennis Coleman (dcoleman@cosb.org); Gil Rojas; Graham Mitchell; Jeanette Ladrado (jladrado@ci.national-city.ca.us); Jennifer Smith; Whitfield, Ken; Maria Kachadoorian; Mark Delin; Michael McGrane; Nancy Palm (npalm@ci.el-cajon.ca.us); Sarah Bullock; Serio, Liliane; Suelter, Leslie; Teri Ferro; Tim McDermott; Tracy Sandoval (tracy.sandoval@sdcounty.ca.gov)
Cc: Bernasconi, Pam; zur Nieden, Ariana
Subject: TransNet RTCIP: Annual Submittal of Funding Programs and Annual Fee Adjustment

To CTAC Members / Finance Directors:

→ Please note that at today's meeting, the SANDAG Board of Directors approved a 2% fee adjustment to the RTCIP. This confirms that the minimum RTCIP fee will increase from \$2,081 to \$2,123 beginning July 1, 2011.

As a friendly reminder, please also note that RTCIP funding programs must be submitted to the Independent Taxpayer Oversight Committee (ITOC) for review and are due to SANDAG by April 1, 2011. Attached for your use is a sample RTCIP letter that can be used if your jurisdiction's approved program has not materially changed from last year.

Thank you.

Ariana M. zur Nieden, MBA
TransNet Program Analyst
San Diego Association of Governments (SANDAG)
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